

Metropolitan King County Council

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Don Eklund

King County Auditor

516 Third Avenue, Room W1020
Seattle, WA 98104-3272

(206) 296-1655
TTY/TDD 296-1024

MEMORANDUM

DATE: September 26, 2000

TO: Metropolitan King County Councilmembers

FROM: Don Eklund, County Auditor

SUBJECT: Management Audit of the Columbia Public Interest Policy Institute

Attached for your review is the management audit of the Columbia Public Interest Policy Institute (Columbia Policy Institute). The primary audit objectives were to review the Institute's compliance with the county general and project-specific contractual requirements and to identify the benefit provided to county citizens under the terms of the contract. In addition, the Institute's financial management practices were reviewed.

The general audit conclusion was that the Columbia Policy Institute was in compliance with King County's general and project-specific contractual requirements, and that the Institute provided the required services and benefits to county citizens. In addition, the Institute's financial management practices were determined to be reasonable, although its internal controls could be improved.

Executive Responses from the Columbia Policy Institute and County Executive are included in Appendices 2 and 3, respectively. Both responses indicate concurrence with the audit findings and recommendations. In addition, the Columbia Policy Institute's Executive Director and Board have already completed implementation of numerous recommendations, including reimbursement of the expense overpayment.

The Auditor's Office sincerely appreciates the cooperation received from the management and staff of the Columbia Policy Institute and Community Services Division.

DE:SB:BG:areportdoc

MANAGEMENT AUDIT

**COLUMBIA PUBLIC INTEREST
POLICY INSTITUTE**

Presented to
the Metropolitan King County Council
by the
County Auditor's Office

Don Eklund, King County Auditor
Susan Baugh, Principal Management Auditor
Bert Golla, C.P.A., Senior Financial Auditor

Report No. 2000-04

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REPORT SUMMARY

Introduction

The management audit of the Columbia Public Interest Policy Institute (Columbia Policy Institute) was conducted at the request of the Metropolitan King County Council. The audit was prompted by the council's interest in determining Columbia Policy Institute's compliance with King County's general and project-specific contractual requirements, including the scope of work and the services provided to county citizens under the terms of the Columbia Policy Institute's contract. In addition, the council was interested in a review of the Institute's financial management practices.

The Columbia Policy Institute began contracting with King County in July 1998 for the purpose of increasing citizen involvement in public policy issues. The specific contractual objective was to increase public access to technical, legal, and academic research by conducting public presentations and workshops, and by providing research on public policy issues of concern to King County and its citizens.

Audit Objectives

The audit objectives were to review Columbia Policy Institute's compliance with King County's general and project-specific contractual requirements, including the scope of work; and to identify the services and benefits provided to county citizens under the terms of the contract. In addition, Columbia Policy Institute's financial management practices were evaluated.

General Conclusions

The general audit conclusion was that the Columbia Policy Institute was in compliance with King County's general and project-specific contractual requirements and provided the required services and benefits to county citizens. In addition, Columbia Policy Institute's financial management practices were determined to be reasonable, although the Institute's internal controls could be improved.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FINDING 2-1 (Page 4) The Columbia Policy Institute Was in Compliance With King County’s General Contractual Requirements and Its Project-Specific Contractual Requirements.

As a county contractor, the Columbia Policy Institute is required to meet a series of general and project-specific contractual requirements, which are displayed in Appendix 1. We found that the Columbia Policy Institute was in compliance with the county’s general requirements and the specific requirements identified in the initial 1998-99 contract and in the 2000 contract amendment. In addition, the Institute met the primary contract objective of increasing public access to technical, legal, and academic research by conducting public presentations and workshops, and by providing research on policy issues of concern to King County and its citizens.

One difficulty encountered during the audit, however, was the broad contractual scope of work and vague contract language. Public interest research, which was the primary focus of the Columbia Policy Institute’s contract, was neither defined as a term nor appropriately delineated by a suggested list of topics or activities. In addition, certain activities such as conducting presentations outside King County did not appear to directly serve King County citizens. King County’s Community Services Division Coordinator confirmed that the broad language contained in this “unique” special program contract covered any variety of deliverables, and combinations of research and administrative activities.

The audit recommended that the Community Services Division ensure that key terms are more clearly defined and deliverables are appropriately delineated for unique special program contracts.

FINDING 2-2 (Page 6)**The Columbia Policy Institute's Financial Management Practices Were Reasonable; However, Its Internal Controls Could Be Improved Through Separation of Duties and Two Signatures on Checks.**

The Columbia Policy Institute's contract and contract amendment with King County provided \$71,000 for public interest research between July 1998 and December 2000. As of June 30, 2000, the Columbia Policy Institute received county payments totaling \$44,845. Based upon the review of sample invoices, the Columbia Policy Institute, in all material respects, appropriately spent its county funds on research and other activities that were consistent with the terms of its county contract.

However, some minor discrepancies and questions were raised about administrative expenses. For example, the Executive Director was inadvertently overpaid \$189 for expenses incurred on behalf of the Columbia Policy Institute in 1998 due to an arithmetic error.

In addition, although no irregularities were noted, the Columbia Policy Institute's internal controls could be improved to safeguard the organization's financial assets. For example, the Executive Director served as the Institute's acting treasurer, which was a concern because he not only disburses agency funds but also reconciles bank statements and prepares financial reports without the Board of Director's oversight. In addition, audit staff determined that the Executive Director issued checks with only one signature despite the requirement for two signatures in the Institute's by-laws.

The audit recommended that the Executive Director reimburse the Columbia Policy Institute for the \$188.92 overpayment, and the Institute's Board of Directors appoint a new treasurer whose duties would include reviewing bank statements and cancelled

checks as well as preparing the monthly bank reconciliation statement. The Institute should also develop a policy requiring two signatures on each check that exceeds a Board-established monetary threshold.

FINDING 2-3 (Page 10) The Columbia Policy Institute Executive Director’s Responsibilities Were Not Clearly Identified in Either the County Contract or Internal Organization Documentation, and His Compensation Was Not Tied to Deliverables.

On January 14, 1999, the Board of Directors appointed Mr. Jeffrey Cain as the President and Executive Director of the Columbia Policy Institute. The Executive Director served as an “independent contractor” rather than an employee of the Columbia Policy Institute.

However, the Board of Directors did not execute a written employment contract with the Executive Director. A contract employee would typically have a contract that would describe the contractor’s responsibilities as well as specify the required deliverables to promote accountability in achieving the Institute’s goals. The contract would also provide an objective basis for the Executive Director’s compensation by tying the payments to deliverables.

The audit recommended that the Columbia Policy Institute develop a written, performance-based employment contract, which describes the Executive Director’s responsibilities and the basis for future compensation based upon clearly specified deliverables. The Community Services Division Coordinator should review the employment contract to ensure that it is consistent with the terms of the King County contract.

AUDITOR'S MANDATE

The Management Audit of the Columbia Public Interest Policy Institute was conducted by the County Auditor's Office pursuant to Section 250 of the King County Home Rule Charter and Chapter 2.20 of the King County Code. The audit was performed in accordance with generally accepted government auditing standards, with the exception of an external quality control review.

1 INTRODUCTION

Background

The management audit of the Columbia Public Interest Policy Institute (Columbia Policy Institute) was conducted at the request of the Metropolitan King County Council, and included in the council-adopted 2000 Auditor's Office work program. The audit was prompted by the council's interest in determining Columbia Policy Institute's compliance with King County's general and project-specific contractual requirements, including the scope of work. In addition, the council was interested in reviewing Columbia Policy Institute's financial management practices, and in identifying the services provided to county citizens under the terms of the Columbia Policy Institute's contract.

Columbia Policy Institute Provides Research and Education on Policy Issues From a Public Interest Perspective

The Columbia Policy Institute is a private, non-profit agency that was organized in Washington State in June 1998 to offer research, analysis and education on a range of policy issues from a public interest perspective. Research efforts are designed to provide policy makers, citizen groups, and community and business leaders with accurate and timely information from published sources and from original inquiry. Research topics generally focus on Northwest environmental, community and institutional issues. The Columbia Policy Institute is staffed by paid contractors, including the Executive Director who reports directly to a four-member Board of Directors.

The Columbia Policy Institute began contracting with King County in July 1998 for the purpose of increasing citizen involvement in public policy issues. The specific contractual objective was to increase public access to technical, legal, and academic research by conducting public presentations and workshops, and by providing research on public policy issues of concern to King County and its citizens.

Audit Objectives

The audit objectives were to review Columbia Policy Institute's compliance with King County's general and project-specific contractual requirements, including the scope of work; and to identify the services and benefits provided to county citizens under the terms of the contract. In addition, Columbia Policy Institute's financial management practices were evaluated.

**Audit Scope And
Methodology**

The audit scope was limited to the review and evaluation of the Columbia Policy Institute's contractual and financial practices, and the project scope of work specifying the public services to be provided to King County citizens. The methodology included the review of the 1998 contract, 1999 contract extension, and miscellaneous contract attachments; each deliverable produced under the contractual scope of work; and financial records such as invoices, payment vouchers, and warrants. Columbia Policy Institute's correspondence, internet materials and other miscellaneous documents were also reviewed.

2 CONTRACT AND FINANCIAL MANAGEMENT

This chapter reviews the Columbia Policy Institute's performance in meeting King County's general contract requirements and the project-specific requirements set forth in the contractual scope of work for its special program contract and contract amendment.

The Columbia Policy Institute entered into the initial special program contract with King County in July 1998, and received a one-year extension from December 1999 to December 31, 2000. The Columbia Policy Institute received \$28,500 in special program funding for 1998-1999 contract period, and \$42,500 for the 2000 extended contract period.

Columbia Policy Institute Responsible for Policy Research and Presentations for King County and Its Citizens

Under the terms of the initial contract, the Columbia Policy Institute was responsible for increasing public access to technical, legal, and academic research by conducting public presentations and workshops, and by providing research on public policy issues of concern to King County and its citizens. The initial contract required the Columbia Policy Institute to coordinate two educational presentations for the general public in King County, and conduct research projects that would culminate with the publication of bibliographies or annotated bibliographies. The Columbia Policy Institute was also required to provide a minimum of 20 research hours and 10 volunteer research hours monthly, although the Community Services Division did not make a distinction between research and volunteer hours for contractual billing purposes. The contract amendment required the Columbia Policy Institute to coordinate one presentation; provide a minimum of 60 research hours and 30 volunteer research hours monthly; and complete four research projects between December 1999 and December 31, 2000.

The Department of Community and Human Services, Community Services Division is responsible for contract development and oversight of all special program contracts. The Community Services Division routinely monitors the Columbia Policy Institute's compliance with the county contractual requirements and is responsible for approving monthly requests for reimbursement.

FINDING 2-1**THE COLUMBIA POLICY INSTITUTE WAS IN COMPLIANCE WITH KING COUNTY'S GENERAL CONTRACTUAL REQUIREMENTS AND ITS PROJECT-SPECIFIC CONTRACTUAL REQUIREMENTS.**

As a county contractor, the Columbia Policy Institute is required to meet a series of general and project-specific contractual requirements. A complete listing of the county's general requirements and Columbia Policy Institute's specific project requirements is displayed in Appendix 1. As shown in Appendix 1, the Columbia Policy Institute was in compliance with the county's general requirements and the specific requirements identified in the initial 1998-99 contract and in the 2000 contract amendment.

One difficulty encountered during the audit, however, was the broad contractual scope of work and vague contract language. Public interest research, which was the primary focus of the Columbia Policy Institute's contract, was neither defined as a term nor appropriately delineated by a suggested list of topics or activities. The Community Services Division Coordinator confirmed that the broad language contained in this "unique" special program contract covered any variety of deliverables, and combinations of research and administrative activities.

The 1998-99 contract required the Columbia Policy Institute to coordinate two presentations and develop bibliographies on public policy issues of concern to King County and its citizens. The eligible population was King County residents and the objective was to present information to a minimum of 500 individuals. Exhibit A below displays the Columbia Policy Institute's deliverables, excluding the research and volunteer hours, for the 1998-99 contract period.

Exhibit A
Columbia Policy Institute Deliverables
Presentations and Bibliographies

Presentations		
Presentation Date	Location	Topic of Presentation
August 27, 1999	Seattle & Issaquah	"Better Not Bigger: Urban Growth and Community Standards" Featured Speaker: Eben Fodor. Evening and luncheon presentations held.
October 21, 1999	Everett	"Better Not Bigger: Urban Growth and Community Standards" Featured Speaker: Eben Fodor
December 10, 1999	Seattle & University of Washington	"Global Trade vs. Local Sovereignty: Analysis of the World Trade Organization in Seattle" Featured Speaker: Robert Stumberg. Evening and luncheon presentations held.
Bibliographies		
Publication Date	Title of Bibliography	
August 1999	Impact Fees: A Select Bibliography (1985 to Present)	
October 1999	Growth Management: A Select Bibliography	
November 1999	Property Rights: A Select Bibliography (1990 to Present)	

Source: Columbia Policy Institute's meeting announcements, mailing list, attendance rosters, and publications.

As shown in Exhibit A above, the Columbia Policy Institute coordinated three evening and two luncheon presentations as well as produced three bibliographies, which exceeded the 1998-99 contractual requirements. Documentation was provided for 192 (38 percent of 500 person contractual objective) participants who attended the presentations despite an extensive mailing. In addition, one presentation was held in Everett, and three-fourths of the participants who attended the Everett presentation were Snohomish County residents.

**Out-of-County and WTO
Presentations Approved
on Basis of Institute's
Broad Mission**

One presentation was also held on the World Trade Organization, entitled "Global Trade vs. Local Sovereignty: Analysis of the WTO in Seattle." The topic was a departure from the Columbia Policy Institute's public interest research on impact fees, growth management and property rights. However, both the Everett and World Trade Organization presentations were approved activities based on the Columbia Policy Institute's broader public interest research mission. Currently, the Columbia Policy Institute is organizing a major conference for October 2000 on growth management, which is a topic that is more consistent with its own public interest research completed in 1999.

RECOMMENDATION

2-1-1

The Community Services Division should ensure that key terms are more clearly defined and deliverables are appropriately delineated for unique special program contracts.

FINDING 2-2

**THE COLUMBIA POLICY INSTITUTE'S FINANCIAL
MANAGEMENT PRACTICES WERE REASONABLE;
HOWEVER, ITS INTERNAL CONTROLS COULD BE
IMPROVED THROUGH SEPARATION OF DUTIES AND
TWO SIGNATURES ON CHECKS.**

The Columbia Policy Institute is predominantly supported by King County special program contract funds, so a financial review was completed to assess the reasonableness of Columbia Policy Institute's financial management practices. The financial review included a review of the Columbia Policy Institute's internal controls, and a test of sample of invoices and disbursements from the 1998-99 contract period.

**King County Contract
Funds Were Spent
Appropriately for
Contractual Purposes**

The Columbia Policy Institute's contract and contract amendment with King County provided \$71,000 for public interest research between July 1998 and December 2000. As of June 30, 2000, the Columbia Policy Institute received county payments totaling \$44,845. Based upon the review of sample invoices, we determined that the Columbia Policy Institute, in all material respects, appropriately spent its county funds on research and other activities that were consistent with the terms and conditions of its contract with King County.

However, some minor discrepancies and questions were raised about administrative expenses. For example, the Executive Director was inadvertently overpaid \$189 for expenses incurred on behalf of the Columbia Policy Institute in 1998. Based on the review of the supporting records for Check No. 1002, issued on March 30, 1999 for \$6,107.28, the overpayment was the result of a simple arithmetic error by the Executive Director.

In March 2000, the Columbia Policy Institute also billed the county for 30 more research hours than the hours actually accrued, because additional time was spent on other related activities. However, the total time reported by the Columbia Policy Institute in March as research hours was approved for payment, because the Community Services Division Coordinator considered the "other" hours to be included in the planning, operational, and administrative activities allowed under the broad terms of the contract.

**Columbia Policy Institute's Internal Controls Need to
be Improved Through Separation of Duties**

Although no irregularities were noted, the Columbia Policy Institute's Board of Directors appointed the Executive Director to be the acting treasurer until the position could be filled, which effectively diminished the internal controls necessary to

safeguard the organization's financial assets. This was a concern because the Executive Director not only disburses agency funds but also reconciles bank statements and prepares financial reports without the Board of Director's oversight. Given the constraints on agency resources, it would be reasonable to delegate the treasurer's function to a Board member rather than the Executive Director.

**Single Signature on
Institute's Checks Was
Inconsistent With The
Institute's By-laws**

In addition, internal controls for disbursements generally require two signatures on checks, and the Columbia Policy Institute's by-laws require two signatures on each check issued. However, audit staff determined that the Executive Director issued checks with only one signature despite the requirements for two signatures in the Institute's by-laws. To strengthen internal controls over disbursements of the Columbia Policy Institute's funds, it would be prudent to develop a policy requiring two signatures on checks for disbursement over a specified amount (e.g., \$500). The Executive Director indicated that an appropriate resolution is in the process of being drafted regarding the *de facto*, single signature checking practice.

**County Access to Columbia Policy Institute's Banking
Records Was Limited by Bank of America's Retention
of Cancelled Checks**

Another issue identified during the financial review was the Bank of America's retention of Columbia Policy Institute's cancelled checks, per the Institute's request. The Columbia Policy Institute is required to maintain its financial records at the address or location provided to King County for a period up to six years after the termination date of the King County contract. Under the terms of the contract, the Columbia Policy Institute may be audited by King County or other government representatives at any time during the life of the contract or during the subsequent

six-year period. However, the Columbia Policy Institute did not retain its cancelled checks, which limited the access of King County and other government representatives to the Institute's important financial records for inspection and review at reasonable times.

RECOMMENDATIONS

- 2-2-1** The Executive Director should reimburse the Columbia Policy Institute for the \$188.92 overpayment, and provide appropriate documentation to the Community Services Division Coordinator.
- 2-2-2** The Columbia Policy Institute's Board of Directors should appoint a new treasurer whose duties include reviewing bank statements and cancelled checks as well as preparing the monthly bank reconciliation statement.
- 2-2-3** The Columbia Policy Institute should develop and adhere to a policy requiring two signatures on each check that exceeds a monetary threshold established by the Board of Directors. In addition, the Institute should inform its depositary bank about the new check disbursement policy to ensure that the policy is appropriately enforced.
- 2-2-4** The Columbia Policy Institute should retain all cashed and cancelled checks along with bank statements and other financial documents so that the records are available to county and other government representatives for inspection or review at reasonable times.
- 2-2-5** The Community Services Division should ensure that key terms such as research hours are clearly defined, and allowable activities are appropriately delineated.

FINDING 2-3**THE COLUMBIA POLICY INSTITUTE EXECUTIVE DIRECTOR'S RESPONSIBILITIES WERE NOT CLEARLY IDENTIFIED IN THE COUNTY CONTRACT OR INTERNAL ORGANIZATION DOCUMENTATION, AND COMPENSATION WAS NOT TIED TO DELIVERABLES.**

On January 14, 1999, the Board of Directors appointed Mr. Jeffrey Cain as the President and Executive Director of the Columbia Policy Institute. As President and Executive Director, Mr. Cain was to be compensated at the rate of \$20 per hour and for administrative expenses.

Since 1998, Mr. Cain has served as an "independent contractor" rather than an employee of the Columbia Policy Institute. In 1999, the Columbia Policy Institute issued the Executive Director an IRS 1099 form for non-employee compensation. Since the employment status of the Executive Director was that of an independent contractor, no payroll taxes were incurred and paid by the Columbia Policy Institute for the annual period.

A Written Employment Contract Would Confirm Executive Director's Duties and Promote Continued Accountability

However, the Board of Directors did not execute a written employment contract with the Executive Director. A contract employee would typically have a contract that would describe the contractor's responsibilities as well as specify the required deliverables. The contract would also promote accountability in achieving the Institute's goals and would provide an objective basis for the Executive Director's future compensation by tying the payments to deliverables.

RECOMMENDATIONS**2-3-1**

The Columbia Policy Institute and Executive Director should develop a written, performance-based employment contract,

which describes the Executive Director's responsibilities and the basis for future compensation based upon specified deliverables.

2-3-2 The Community Services Division Coordinator should review the Executive Director's employment contract to ensure that it is consistent with the terms of the King County-Columbia Policy Institute's 2000 contractual amendment.

2-3-3 The Columbia Policy Institute should continue to consult with its tax advisor regarding the tax implications of treating the payment to the Executive Director in 1999 and 2000 as non-employee compensation to ensure that the Institute remains in compliance with tax reporting requirements.

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APPENDICES

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**APPENDIX 1
COLUMBIA PUBLIC INTEREST POLICY INSTITUTE
CONTRACT COMPLIANCE CHECKLIST**

Contractual Requirements	Status	Comments
General King County Contract Requirements		
Contract Documents on File:		
King County Contract	Yes	
Affidavit of Compliance (Exhibit I)	Yes	
Personnel Inventory Report (Exhibit II)	Yes	
Disability Assurance of Compliance (Exhibit III)	Yes	
Work Statement (Exhibit IV)	Yes	
County reimbursed agency for satisfactory completion of services	Yes	
Agency submitted invoices and required reports	Yes	
Required invoices/reports submitted within 10 days after close of reporting period	Yes	
Required invoices/reports submitted within 10 days after contract terminated	Not Applicable	Contract still active
System of accounting and internal controls established	Yes	Need separation of Treasurer's function
Agency accounts, property, financial, and program records maintained	Yes	
Records maintained for at least 6 years from termination date	Not Applicable	Contract still active
Agency informed county in writing of location of records has changed from address listed on contract	Yes	Cancelled checks need to be retained by agency for audit purposes
County sent notice to agency relating to fiscal audit	Yes	County sent notice of management audit
Agency records are available for inspection at all times	Yes	
Agency staff cooperated during the review or evaluation process	Yes	
County notified agency if not in compliance or if contract breach	Not Applicable	No compliance deficiencies cited
Agency developed corrective action plan within three working days	Not Applicable	No deficiencies cited that required correction
Agency did not assign or subcontract any portion of contract without county's consent	Yes	
Agency maintains current insurance coverage	Yes	
Minimum limits of insurance maintained:		
➤ \$1M single limit per occurrence	Yes	
➤ \$2M aggregate limit	Yes	
➤ \$1M professional liability, errors, and omissions	Yes	
➤ \$1M automobile liability	Not Applicable	Institute does not own business car
➤ Workers' compensation	Not Applicable	No agency employees

APPENDIX 1 (Continued)

Contractual Requirements	Status	Comments
County officers, officials, employees, agents are additional insured in insurance certificate	Yes	
Insurance certificate provided to the county	Yes	
Agency complied with non-discrimination clause	Yes	
Agency complied with minority/women's business enterprises provisions	Yes	
Agency is in compliance with American Disabilities Act, including Section 504	Yes	
Agency is in compliance with county Ethics Code	Yes	
No agency funds/property are used for any partisan political activity or to further or defeat candidate for public office	Yes	
Notices relating to the contract were in writing and addressed to appropriate parties to contract	Yes	
Proposed changes to the contract are in writing	Yes	
Project-Specific Requirements—Initial Contract		
Reimbursements did not exceed \$28,500 (contract period 7/98-12/99) or \$1,583 a month	Yes	
Goal to increase citizen involvement in public issues met	Yes	
Agency increased public access to technical, legal, and academic research through public presentations on public interest for minimum of 500 individuals	Yes	Approximately 190 rather than 500 participants as of June 2000
Recipients of project are King County residents	Yes	
A minimum of 2 presentation/workshops were conducted	Yes	
Public issues are of concern to King County citizens	Yes	
Agency provided minimum 20 research hours and 10 volunteers hours per month	Yes	
Agency provided coordination/facilitation of presentation/workshops and project administration	Yes	
Research projects culminated with bibliography, annotated bibliography, and public presentations	Yes	
Agency has working agreement/contractual relationship for coordinated service provision with providers of human services or systems to complement and maximize available resources	Not Applicable	Unique public interest focus—coordination not required
Agency cooperated with county staff in developing implementation framework for the Division's strategic plan	Not Applicable	Unique public interest focus—strategic planning not required
Agency was reimbursed monthly at \$1,583 from July 1998 to November 1999	Yes	
Agency was reimbursed \$1,589 for December 1999	Yes	
If services provided were below 90% minimum service requirement, payments were reduced by percentage of total performance below 90% level	Not Applicable	All services approved for full payment

APPENDIX 1 (Continued)

Contractual Requirements	Status	Comments
Payment reduction complied with contract provision	Not Applicable	All services approved for full payment
County not billed for costs billed to other sources	Yes	County grant sole revenue source for agency
County withheld payment for billing period when not all required reports were submitted	Not Applicable	Required reports submitted
Agency submitted within 10 working days after close of the month or completion of activity:		
➤ Invoice	Yes	
➤ Narrative report: documenting research and volunteer hours, description of activities (including workshops, expenditures, attendance) and status of accomplishing contract requirements	Yes	
Agency submitted bibliographies, annotated bibliography within 10 working days after contract termination	Yes	
Project-Specific Requirements—Amendment		
Contract reimbursements did not exceed \$71,000 for contract period from 7/1/98 to 12/31/2000	Yes	
Agency provided minimum of 60 research and 30 volunteer hours per month from 12/99 - 12/2000	In Progress	
Agency provided coordination/facilitation of presentation/workshops and project administration	Yes	
For period July 1998 to November 1999, agency coordinated and facilitated a minimum of 2 education presentations/workshops for public in King County	Yes	
Presentations explained agency's latest research findings to groups interested in public policy issues	In Progress	
For period December 1999 to December 2000, agency coordinate/facilitate one conference and complete four research projects as follows:		
➤ Growth Management Conference in Fall 2000	In Progress	
➤ Growth management project assessing real cost of growth in Washington	In Progress	
➤ Growth management assessment links-compiling court decisions to make available electronically	In Progress	
➤ Globalization and local government project assessing WTO rulings, treaties, etc.	In Progress	
➤ Growth management assessment journal	In Progress	
Agency was reimbursed \$4,858 for December 1999	Yes	
Agency was reimbursed \$3,269 per month for January 2000 - November 2000 period	In Progress	
Agency reimbursed \$3,272 for December 2000	In Progress	
If services provided were below 90% minimum service requirement, payments were reduced by percentage of total performance below 90% level	Not Applicable	All services approved for full payment

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**APPENDIX 2
COLUMBIA PUBLIC INTEREST POLICY INSTITUTE
RESPONSE**

Columbia Public Interest Policy Institute

10020 Mainstreet Suite A #358 Bellevue, WA 98004

August 14, 2000

Don Eklund, King County Auditor
516 Third Avenue, Room W1020
Seattle, WA 98104-3272

RECEIVED

'AUG 14 2000

KING COUNTY AUDITOR

Re: Draft Management Audit of the Columbia Public Interest Policy Institute

Dear Mr. Eklund:

We have received and reviewed the Draft Management Audit of the Columbia Public Interest Policy Institute.

We agree with the Auditor's general audit conclusion that finds the Columbia Public Interest Policy Institute in compliance with King County's general and project-specific contractual requirements, that the Institute provided the required services and benefits to King County citizens, and that the Institute's financial practices were determined to be reasonable.

The Auditor's recommended changes to the Institute's internal controls are presently being put in place and will be completed in September 2000.

The review of the Columbia Public Interest Policy Institute was conducted in a professional and straightforward manner by Susan Baugh, Principal Management Auditor, and Bert Golla, Senior Financial Auditor. We appreciate their impartial and responsible work.

Sincerely,


Jeffrey Cain
Executive Director

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**APPENDIX 3
EXECUTIVE RESPONSE**



King County Executive
RON SIMS

RECEIVED
AUG 16 2000
KING COUNTY AUDITOR

August 11, 2000

Don Eklund
King County Auditor
516 Third Avenue, Room W1020
Seattle, WA 98104-3272

Dear Mr. Eklund

I am writing in response to the final draft audit report of the Columbia Public Interest Policy Institute. I understand that the primary objective of the audit was to review the Institute's compliance with general and project-specific contractual requirements and to identify the benefit provided to County citizens under the terms of the contract. You also reviewed the Institute's financial management practices.

You found that the Columbia Public Interest Policy Institute was in compliance with County general and project-specific requirements and that the Institute provided the required services and benefits to County citizens. Your report also identifies a finding related to the Community Services Division administration of the Institute's contract with King County.

Finding 2-2-5:

The Community Services Division should ensure that key terms such as research hours are clearly defined, and allowable activities are appropriately delineated.

Response:

Agree.


Action:

In developing contracts for the Year 2001 and beyond, the Community Services Division will define key terms relative to contract performance and delineate allowable contract activities.

If you have any questions concerning this response, please contact Barbara J. Gletne, Director, Department of Community and Human Services, at (206) 296-7689.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Sims".

 Ron Sims
King County Executive

cc: Paul Tanaka, Deputy County Executive
Dave Lawson, Manager, Executive Audit Services
Barbara J. Gletne, Director, Department of Community and Human Services

KING COUNTY COURTHOUSE 516 THIRD AVENUE, ROOM 400 SEATTLE, WA 98104-3271
(206) 296-4040 296-0194 FAX 296-0200 TDD E-mail: ron.sims@metrokc.gov

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REPORTS BY THE KING COUNTY AUDITOR'S OFFICE

1980 - 1991

- 1980** Police Officer Hiring Process (M)
Accounts Payable System (F)
Public Works Equipment Rental and Revolving Fund (M/F)
Financial Management of Forward Thrust Bond Proceeds
and General Obligation Bond Levy Monies (M/F)
- 1981** Housing Programs Study (S)
Harborview Medical Center 1977 Construction
Capital Project Fund (F)
King County Budget Process (M)
King County Jail Cash Management Functions (F)
Emergency & Inpatient Alcoholism Treatment Programs (M)
King County Park Operations (M)
1980 Year-End Expenditure Transactions (F)
- 1982** Investment Program Internal Controls (F)
King County Jail Cash Mgmt. Functions (F)
Police Staffing, Allocation & Scheduling Audit (M)
Cash Management of Federal Funds (F)
King County Park Acquisition and Development Fund,
1968-1981 (F)
City of Seattle Park Acquisition and Development Fund,
1968-1981 (F)
King County Arterial Highway Development Fund/City of
Seattle Arterial Development Fund, 1968-1980 (F)
Dept. of Judicial Administration Internal Controls (F)
Sheriff's Real Property Sales (M)
Road Fund Property Holdings (M)
Emergency Medical Services Division/Funding
Allocation, Service Delivery, & Financial
Management Functions (M)
Public Defense System (F)
- 1983** 1966 Harborview Hospital Construction Fund (F)
Follow-Up Study, King County Park Operations (S)
New Jail Construction Contract Administration (F)
King County Investment Management (F)
Gambling Tax Collection Process & Internal Controls (F)
- 1984** Solid Waste Staff Utilization (M)
DPPRC--Systems Development Process (M)
King County Parking Facilities Study (S)
Residential Real Prop. Assessment Level & Uniformity (M)
Roads CIP Budgeting and Scheduling Practices (M)
Review of King County Accounting Funds (S)
BALD Permit Fee Collection Process (F)
- 1985** Alcoholism and Substance Abuse Services Division
Receivables (F)
Test of Real Property Tax Systems Computer Files (F)
Budgetary Staffing Standards (M)
Police Overtime Usage and District Court Scheduling (S)
Roads CIP Budgeting and Staffing Practices Follow-Up (M)
Insurance Fund (F)
King County International Airport (F)
Equipment Management/Utilization, Maintenance, &
Replacement Practices (M)
- 1986** Business License Inspection Practices (M)
County Gasoline Contract (M)
Parks Maintenance (M)
Collective Bargaining Agreements (M)
Finance Office Cashiering (M)
Risk Management (M)
H&CD Housing Loans Administration (F)
Public Defense Program Fund Balance Levels (F)
King County Reporting of State Excise Tax (F)
Department of Public Safety, Financial and Personnel
Administration (S)
- 1987** Harborview Medical Center Master Plan and CIP (M)
Jail Intake, Transfer, and Releases (M)
County Airport Historical Funding (F)
County Airport Operations (M)
Motor Pool Financing (S)
Meat Inspection Program (M)
- 1988** Accounts Payable (F)
Public Health Pooling Fund (S)
DPH Financing Provisions of 1984 Interlocal Agreement (S)
District Courts Time-Pay Collections Clerks (S)
Political Contributions by Charitable Organizations (S)
Surplus Personal Property (F)
Solid Waste Cashiering (F)
Project Management Cost Allocation Procedures (F)
Court Services (M)
Natural Resources and Parks Division Rental Houses (S)
M/WBE Utilization Requirements for Financial Services
Contracts (S)
DPH, County Funded Community-Based Health Clinics
and WIC Program (S)
Court Detail, Operation and Staffing (M)
Jail Classification Services (M)
Restaurant Inspection Program (M)
- 1989** Audit Coverage in King County Government (S)
Real Property Records (M)
Solid Waste Accounts Receivable (F)
Department of Public Health Car Rental (S)
Records Management (S)
Department of Public Health, Computer System
Planning and Development (S)
Performa '87 (F)
Parks Capital Improvement Program (M)
1988 Consultant Selection Processes for Harborview
Capital Projects (S)
- 1990** Jail Intake, Transfer and Release -- Workload, Operations
and Staffing (M)
Arbitrage Rebate Requirements on Tax-Exempt Bonds (F)
Conservation Futures (F)
Real Property Sale, Lease & Exchange Practices (M)
Youth Services (M)
Office of Civil Rights & Compliance (M)
Criminal Investigations & Special Operations (M)
Business and Occupation and Public Utility Taxes (F)
Earthquake Preparedness (M)
District Courts and Warrants Division Revenues (S)
State Auditor Use of County Facilities and Equipment (S)
Department of Youth Services Health Program (M)
Code Enforcement Program Building and Land
Development Division (M)
Assigned Take Home Vehicles and Agency-Paid Parking (S)
- 1991** Carpentry Shop (F)
County Fuel Station Internal Controls (F)
County Agency Performance Monitoring Survey (S)
King County Elections Practices (M)
King County Purchasing Agency (M)
Farmlands and Open Space Preservation Program (M)
King County Detoxification Center (M)
Dept. of Public Safety Field Training Officer Program (S)

- 1992** King County Office of Emergency Management (S)
King County Dept. of Stadium Administration Revenues (F)
Environmental Health Charges to Solid Waste (S)
Sierra PERMITS Automation System (M)
King County Office of Human Resource Management (M)
BALD Financial Guarantee Administration (M)
Northshore Youth and Family Services (F)
Dept. of Youth Services Drug & Alcohol Program (M)
Dept. Adult Detention & Youth Services Overtime (S)
SEPA Revenues and Accounts Receivable (F)
Methodology for Funding Legal Services for Non-Current Expense Fund Agencies (S)
Accounts Payable (F)
Solid Waste Equipment Replacement Practices (M)
- 1993** Dept. of Development and Environmental Services Assigned Vehicles (M)
Certificate of Occupancy Process (M)
Collection of Civil Penalties and Recovery of Abatement Costs (F)
DDES Field Inspection Function (M)
Police Overtime for Court Appearances (M)
Dept. of Youth Services Sex Offender Unit and Special Sex Offender Dispositional Alternative Program (M)
Office of Open Space Financial Administration (M/F)
Collection Enforcement Section (S)
Cellular Phones (S)
Surface Water Management Service Charges (F)
Acceptance of Special Waste at County Landfills (S)
Solid Waste Division Internal Controls for Handling and Storage of Parts, Fuel, and Other Operating Supplies (F)
- 1994** Span of Control (S)
Community Diversion Program (M)
Dept. of Development & Environmental Services Reduction-In-Force Process (S)
Cedar Hills Alcohol Treatment Facility (CHAT) Accounting Procedures and Staffing Levels (M)
DDES Fire Marshal's Office Fire Investigation Unit (S)
DDES Accounts Receivable (F)
Travel Expenses and Credit Card Use (M/F)
Services & Treatment Alternatives for Developmentally Disabled Offenders Incarcerated in the King County Correctional Facility (M)
Board of Appeals and Equalization (S)
Surface Water Management Non-Construction CIP Costs (S)
Tracking and Reporting on Lawsuits Involving King County (S)
Jail Overtime Study Follow-Up (S)
- 1995** Dept. of Metropolitan Services Temporary Contract Workers (M)
King County Purchasing Practices & Supply Contract Prices (M)
Sewage Facilities Capacity Charge (F)
Audit Recommendation Implementation (S)
Dept. of Metropolitan Services Professional Services Contract (M)
Human Services Dept. Monitoring of Contract Compliance (F)
Biomedical Waste Regulation Enforcement (S)
Customer Service Motion Survey (S)
County Fair Financial & Contract Management (F/M)
Supported Employment Program (M)
- 1996** Dept. of Metropolitan Services West Point & Renton Wastewater Treatment Facilities (C)
1990 Code Enforcement Audit Follow-Up (M)
Dept. of Metropolitan Services Compensatory Time Policies, Procedures, and Practices (S)
King County Women's Program (M)
Cultural Programs (Hotel/Motel Tax Distribution) (F/M)
Investment Management (F)
King County Road Construction Fund and Capital Improvement Program (M)
Emerging Infectious Diseases and Laboratory Operations (M)
DUI Offender Program (M)
King County Real Property Acquisition Practices (M)
Seattle-King County Dept. of Public Health (SKCDPH) Immunization Program (M)
- 1997** King County Methadone Treatment Programs (M)
Criminal Justice-Funded Department of Public Safety Staffing (S)
Permit Fee Waivers (M)
Animal Control Section Collection Practices and Interlocal Services (F)
King County Contract for Sobering Services (S)
Office of Civil Rights Enforcement Case Management (S)
Neighborhood Drainage Assistance Program (S)
Surface Water Management Program (S)
Motor Pool (S)
Information and Telecommunications Services (M)
- 1998** Automated Telephone Systems (S)
Interlocal Agreements & Public Agency Contracts (S)
Review of Selected Capital Project Funds (S)
Metro Tunnel Rail Installation Process (M)
Road Maintenance Contracts (F)
ITS Infrastructure Operating and Maintenance Costs (F)
- 1999** Information Technology Planning, Development, and Implementation Processes (M)
East Lake Sammamish Trail (S)
Bond Funded Capital Improvement Projects (F)
King County Traffic Volume Forecast Model (S)
Jail Overtime (S)
Transit Management (C)
Disposition of Firearms (S)
Metro Transit Vehicle Maintenance Operations (M)
Employee Benefits (C)
Risk Management (C)
- 2000** Audit Recommendation Implementation (S)
Sheriff's Office Overtime (M)
Office of Human Resources Management Hiring Practices (M)
Columbia Public Interest Policy Institute (M)

(M) Management Audit
(F) Financial Audit
(S) Special Study
(C) Audit/Study conducted by consultants